

CALIFORNIA COASTAL COMMISSION

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W13a

Filed: 11/29/99
49th Day: 1/17/2000
Opened & Continued: 1/12/2000
Substantial Issue Found: 6/16/2000
Staff: RH -SC
Staff Report: 8/22/2002
Hearing Date: 9/11/2002
Commission Action:

APPEAL STAFF REPORT: DE NOVO COASTAL PERMIT

APPEAL NUMBER: **A-3-MCO-99-092**

LOCAL GOVERNMENT: **MONTEREY COUNTY**

DECISION: **Approved with conditions, 11/09/99**

APPLICANT: **Rancho Chiquita Associates, Attn: Ted Richter**

APPELLANTS: **Big Sur Land Trust, Attn: Zad Leavy;
Department of Parks and Rec., Attn. Kenneth L. Gray; and
Responsible Consumers of Monterey Peninsula, Attn. David Dilworth**

PROJECT LOCATION: **Highway One and Riley Ranch Road, across from Point Lobos
State Reserve; Carmel Highlands (Monterey County) APN
243-112-015 (see Exhibit A).**

PROJECT DESCRIPTION: **Convert an existing single-family dwelling, barn and cottage to
a 10-unit bed and breakfast; install parking lot and improve
access to site. (see Exhibit B)**

FILE DOCUMENTS: **Monterey County Certified Local Coastal Program, consisting
of *Carmel Area Land Use Plan* and relevant sections of
Monterey County Coastal Implementation Plan;
Administrative Record for County Permit PLN970284;
information on Point Lobos Ranch plans for development and
subsequent acquisition by Big Sur Land Trust; Rancho
Chiquita vs. Big Sur Land Trust settlement agreement of
March 5, 2002; file A-3-MCO-99-057 and County permit SB
94001 for Whisler Family Trust subdivision.**

EXECUTIVE SUMMARY

Staff recommends that the Commission **approve a coastal permit** for the proposed bed and breakfast with conditions, including one to prepare a management plan to address coexistence with the adjacent future State Park.

The proposed project is the conversion of an existing single family dwelling, barn and cottage to

a 10-unit bed and breakfast facility. The project is located on the east side of Highway One, on Riley Ranch Road in the Carmel area of Monterey County's Coastal Zone (see Exhibit A). The project is to be located on a 5.42-acre parcel (APN 243-112-015-000), across from the Point Lobos State Reserve (see inset map; Exhibit B). The property is designated as "Resource Conservation" with a Special Treatment overlay (see Exhibit E). The site is within what is called the Riley holdings of Point Lobos Ranch.

Three parties appealed this project. The Commission found Substantial Issue on June 16, 2000 with regard to insufficient comprehensive planning, especially concerning density and management, and authority to convert the barn to bed and breakfast use. Subsequently, the applicants and the appellant Big Sur Land Trust engaged in discussions and then litigation, terminating in a settlement agreement, in an attempt to reach common understanding of the density issue. Now, the matter is ripe to return to the Commission for resolution.

The context for land use planning has changed at Point Lobos Ranch since the preparation of the LCP some two decades ago. The LCP identifies this area as suitable for visitor-serving use. The entire approximately 1,600 acre Ranch is designated for up to two hotels containing up to 276 overnight rooms. The LCP contains some specific siting parameters to primarily preserve the scenic viewshed and contains density allocations for optional residential use. However, the mention of 276 rooms is only an allocation of 138 rooms to each of the two families who then owned the Ranch: the Hudsons and the Rileys. The decision of where the hotel(s) would go on the Ranch was left to a coordinated planning process. Since then, the Big Sur Land Trust has purchased 1,312 acres for on-going transfer to the State Department of Parks and Recreation (see Exhibit G). Thus, the hotel(s) will never be built. The challenge is how to interpret the local coastal program policies to apply to the remaining private ownership of Point Lobos Ranch, such as the subject 5.4 acre parcel.

The County has previously adopted findings for another project on a 24.25 acre part of the Riley portion of Point Lobos Ranch. These County findings set forth a maximum of 10 overnight units in a bed and breakfast (on the subject site) and nine homes (four already exist) that will occur on the remaining private portions of the Riley holdings. This was based on agreements made among the owners of this land. In essence, this density allocation and the resultant site plans become the equivalent of a comprehensive plan for the private portions of the Riley holdings. The remaining Riley holdings become a 114.6 acre State Park. If the total development density potentially allowed for the Riley holdings under the LCP were proportionally divided between private and public lands on the basis of each's acreage, there would be more than enough to accommodate the development scenario outlined here and in the County's findings. Thus, since the proposed bed and breakfast fits within this scenario, which is consistent with the LCP, staff recommends that the permit be approved. A condition is recommended to memorialize this allocation through recordation of the pertinent density agreement. The final allocation plan for the Riley portion of Point Lobos Ranch is shown on the lower right map in Exhibit F.

The proposed bed and breakfast is generally consistent with other relevant local coastal program policies. There is no archaeological site in the area to be disturbed for parking; there is an existing water system whose use will not be increased as a result of this project; there is minimal

if any traffic increase associated with the project; and the bed and breakfast will help preserve the visual character of the area by its adaptive reuse of scenic, historic ranch buildings. Nevertheless, staff further recommends that conditions be imposed to address various potential impacts that the proposed bed and breakfast may have on archaeological resources, water resources, traffic, scenic resources, and, foremost, on the adjacent State Park. Embodied in the LCP's requirement for comprehensive planning for the Ranch is the necessity to have a management component. The appellant State Parks has identified concerns relative to the operation of a bed and breakfast in a park inholding. Thus, a condition is recommended for management measures to be prepared whereby the bed and breakfast developer coordinates with State Parks to ensure that resource and public access concerns are addressed.

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I. STAFF RECOMMENDATION ON DE NOVO COASTAL PERMIT

A. MOTION:

I move that the Commission approve Coastal Development Permit No. A-3-MCO-99-092 pursuant to the staff recommendation.

B. STAFF RECOMMENDATION OF APPROVAL:

Staff recommends a **YES** vote. Passage of this motion will result in approval of the permit as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

C. RESOLUTION TO APPROVE THE PERMIT:

The Commission hereby approves a coastal development permit for the proposed development and adopts the findings set forth below on grounds that the development as conditioned will be in conformity with Monterey County's Local Coastal Program. Approval of the permit complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the development on the environment, or 2) there are no further feasible mitigation measures or alternatives that would substantially lessen any significant adverse impacts of the development on the environment.

II. RECOMMENDED CONDITIONS

A. STANDARD CONDITIONS

1. Notice of Receipt and Acknowledgment. The permit is not valid and development shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.

2. Expiration. If development has not commenced, the permit will expire two years from the date this permit is reported to the Commission. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.

3. Interpretation. Any questions of intent or interpretation of any condition will be resolved by

the Executive Director or the Commission.

4. Assignment. The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.

5. Terms and Conditions Run with the Land. These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

B. SPECIAL CONDITIONS

The following special conditions of this coastal permit replace all conditions of Monterey County Coastal and Design Permit #PLN970284, except for conditions 2, 6 - 16, 27, 32, 38, 39, and 40, which the County imposed under an authority other than the Coastal Act (see Exhibit D). This action has no effect on these conditions imposed by a local government pursuant to an authority other than the Coastal Act.

1. **Final Project Approval and Plans:** The Coastal Development Permit is for the conversion of an existing single-family dwelling, barn, and cottage to a 10-unit bed and breakfast facility, plus owners/managers quarters with a 12-space parking lot. The project site is located at Highway One and Riley Ranch Road, (Assessor's Parcel Number 243-112-015-000) in the Carmel area of the Coastal Zone. The project must be constructed in conformance with the plans in the County permit file, as modified by these conditions. **Prior to issuance of the coastal development permit,** the applicant shall submit two full-size sets of final plans for Executive Director review and approval that comply with all relevant conditions of this permit. A site plan covering the entire parcel and Riley Ranch Road shall be included. No use or construction other than that specified by this permit is allowed unless additional permits or amendments are approved. Once the conversions occur, any future change of use (even back to the current uses) shall constitute an amendment to this permit.
2. *County condition (see Exhibit D)*
3. **Deed Restriction:** **Prior to issuance of the coastal development permit,** the applicant shall submit to the Executive Director for review and approval documentation demonstrating that the applicant has executed and recorded against the parcel governed by this permit a deed restriction, in a form and content acceptable to the Executive Director: (1) indicating that, pursuant to this permit, the California Coastal Commission has authorized development on the subject property, subject to terms and conditions that restrict the use and enjoyment of that property; and (2) imposing the Special Conditions of this permit as covenants, conditions and restrictions on the use and enjoyment of the Property. The deed restriction shall include a legal description of the entire parcel governed by this permit. The deed restriction shall also indicate that, in the event of an extinguishment or termination of the deed restriction for any reason, the terms and conditions of this permit shall continue to restrict the use and enjoyment of the subject

property so long as either this permit or the development it authorizes, or any part, modification, or amendment thereof, remains in existence on or with respect to the subject property.

4. **Design Changes Subject to Review:** Because of the visual sensitivity of Point Lobos, all exterior design changes, including color changes associated with repainting and reroofing, shall be submitted to the Executive Director with evidence of Monterey County Planning Commission approval for approval or determination as to whether a coastal permit amendment is necessary.
5. **Exterior Lighting Plan:** Prior to issuance of the coastal development permit, the applicant shall submit an exterior lighting plan for any new lights proposed on the structures, subject to review and approval by the Executive Director of the Coastal Commission. The applicant shall submit two copies of an exterior lighting plan to the County and two copies to the Coastal Commission that shall indicate the location, type, and wattage of all exterior light fixtures and include catalog sheets for each fixture. All exterior lighting shall be unobtrusive, harmonious with the local area, fully shielded, and constructed or located so that only the area intended for illumination is illuminated, off-site glare is fully controlled, and no uplighting is allowed.
6. –16. *County conditions (see Exhibit D)*
17. **Entrance Turn Lane:** The applicant shall widen Highway One to provide a southbound left turn lane at Riley Ranch Road, including a NO U-TURN SIGN subject to the approval of Caltrans and the Monterey County Department of Public Works. **Prior to issuance of the coastal development permit,** the applicant shall include plans for such work within required final plan submittal pursuant to Condition # 1 for Executive Director review and approval, along with evidence of Caltrans approval.
18. **Access Road:** The applicant shall improve Riley Ranch Road to a width no greater than 18 feet for fire protection purposes. **Prior to issuance of the coastal development permit,** the applicant shall include plans for such work within required final plan submittal pursuant to Condition # 1 for Executive Director review and approval.
19. **Traffic Impact Mitigation Fee:** The applicant shall contribute 0.16% of the cost of the Highway One Operational Improvements to Monterey County or Caltrans, as specified in the County's formula.
20. **Mandatory Water Conservation:** To address mandatory water conservation, the applicant shall comply with Monterey County Water Resources Agency Ordinance No. 3539 and any subsequent amendments thereto. The regulations for new construction require, but are not limited to:
 - a. All toilets shall be ultra-low flush toilets with a maximum tank size or flush capacity of 1.6 gallons, all shower heads shall have a maximum flow capacity of

- 2.5 gallons per minute, and all hot water faucets that have more than ten feet of pipe between the faucet and the hot water heater serving such faucet shall be equipped with a hot water recirculating system.
- b. Landscape plans shall apply xeriscape principles, including such techniques and materials as native or low water use plants and low precipitation sprinkler heads, bubblers, drip irrigation systems and timing devices.
21. **Proof Of Water:** Prior to issuance of the coastal development permit, the applicant shall obtain from the Monterey County Water Resources Agency (MCWRA), and submit to the Executive Director of Coastal Commission for review and approval, proof of water availability on the property, in the form of an approved Water Release Form.
22. **Adequate Septic:** Prior to obtaining a County building permit to commence work on the bed and breakfast buildings, the applicant shall obtain a septic repair permit from the Monterey County Division of Environmental Health and shall expand the septic disposal system which shall meet the standards of Chapter 15.20 of the *Monterey County Code*.
23. **Water Permit:** Prior to issuance of the coastal development permit, the applicant shall obtain, and submit to the Executive Director of the Coastal Commission for review and approval, a new water system permit from the Monterey County Division of Environmental Health.
24. *County condition (see Exhibit D)*
25. **Water System:** The applicant shall install the water system improvements to and within the project prior to obtaining a building permit to commence other work on the bed and breakfast buildings, but only after issuance of the coastal permit.
- 26 –27 *County conditions (see Exhibit D)*
28. **Landscape Plan:** Prior to issuance of the coastal development permit, the applicant shall submit a landscaping plan for Coastal Commission Executive Director's review and approval. The applicant shall provide evidence that Monterey County Director of Planning and Building Inspection has reviewed the landscape plan. (Three copies of the landscape plan shall be provided to the Planning and Building Inspection Department, which requires a landscape plan review fee.) The landscaping plan shall be in sufficient detail to identify the location, species, and size of the proposed landscaping materials and shall be accompanied by a nursery or contractor's estimate of the cost of installation of the plan. The landscape plan shall include landscaping to screen portions of the project without blocking views from State Highway One. The landscape plan shall be consistent with and demonstrate how fire safety conditions are followed (i.e., the vegetation within 30 feet of the structures shall be of a non-flammable nature). The plan shall incorporate a berm, the minimum necessary, to shield the parking lot from public view and shall show

the dimensions of the berm and the parking lot. Before commencement of the use, landscaping shall be installed pursuant to the landscape plan.

29. **Landscape Maintenance:** All landscaped areas and fences shall be continuously maintained by the applicant and all plant material shall be continuously maintained in a litter-free, weed-free, healthy, growing condition.
30. **Water Information:** The applicant shall provide to the Monterey County Water Resources Agency and to the Coastal Commission Executive Director information on the water system to serve the project, including the location of all water wells on the property, any available well logs, and the number of current hookups.
31. **Water Monitoring:** Prior to commencement of the use of the bed and breakfast, the applicant shall install a water meter on the system providing water to the bed and breakfast facility. The water use of the bed and breakfast facility shall not exceed 9.45 AF/yr. The property owner shall provide the Monterey Peninsula Water Management District and Monterey County Water Resource Agency documentation annually of water use, including verification on the reporting of metered water deliveries. This limitation on water use shall not be utilized in any manner that would establish an on-site or off-site water credit for the purposes of intensification or expansion of other existing uses or for new uses.
32. *County condition (see Exhibit D)*
33. **Bed and Breakfast Regulations:** The property owners shall occupy and manage the bed and breakfast facility. The facility shall not be affiliated with hotels or motels operating anywhere in the County of Monterey.
34. **Maximum Site Density:** No more than ten guest rooms shall be allowed at this site.
35. **Maximum Visitor Stay:** No long-term rental of rooms shall be permitted. The maximum stay for guests shall not exceed 29 consecutive days in a 30 day period and no more than 60 days in a one year period.
36. **Parking:** The facility shall provide parking on site at the rate of 1 space per guest room plus two spaces for the owners, for a total of 12 spaces, if all 10 rooms are established.
37. **Signs:** The bed and breakfast facility may have a maximum of one sign not exceeding 4 square feet in area. Such sign shall be attached to the residence and shall not be internally illuminated.
- 38 -40. *County conditions (see Exhibit D)*

40. **Lower Cost Component:** The bed and breakfast facility shall have two guest rooms available for low-cost visitor-serving uses.
41. **Information Brochure:** Prior to the use of the bed and breakfast facility, the applicant shall develop an information brochure on the rules and regulations of the Point Lobos State Reserve. The information brochure shall be distributed to all guests staying at the facility, and shall be approved by the Executive Director after consultation with State Department of Parks and Recreation.
42. **Management Plan: Prior to issuance of the coastal development permit,** the applicant shall submit a management plan for operation of the bed and breakfast, consistent with its natural setting and the existing and future State Park operation, to the Executive Director for review and approval. The plan shall address concerns such as lighting, outdoor activities, pets, access, traffic, and parking in order to avoid and manage any potential conflicts with habitat protection and recreational programs on the adjacent State Parks land. The plan submittal and updates shall include evidence of coordination with the Department of Parks and Recreation. Failure to comply with the plan shall be considered a breach of coastal permit condition compliance. The plan shall be periodically updated, in coordination with the Department of Parks and Recreation, at least once every five years and the updates shall be submitted for Executive Director review and approval. The plan shall also be updated within six months of the Department of Parks and Recreation taking title to land adjacent to the site east of Highway One and within six months of State Parks and Recreation Commission adoption of a General Plan (or equivalent management document) for this area.
43. **Archaeological Discovery:** If, during the course of construction, cultural, archaeological, historical or paleontological resources are uncovered at the site (surface or subsurface resources) work shall be halted immediately within 50 meters (150 feet) of the find until it can be evaluated by a qualified professional archaeologist. The Coastal Commission and a qualified archaeologist (i.e., an archaeologist registered with the Society of Professional Archaeologists) shall be immediately contacted by the responsible individual present on-site. When contacted, the archaeologist shall immediately visit the site to determine the extent of the resources and to develop proper mitigation measures required for the discovery. The mitigation plan shall be prepared pursuant to standards of the State Historic Preservation Office. This mitigation plan shall then be approved by the State Historic Preservation Office and the Executive Director of the Coastal Commission and fully implemented by the property owner.
44. **Water Study:** The property owners shall participate in any future public agency study of water use in the San Jose Creek watershed at least to the extent of providing information on their water use and water system operation.
45. **Scenic Easement: Prior to issuance of the coastal development permit,** the applicants shall provide evidence that the State Parks Commission agrees that the existing scenic

easement allows for the conversion of the barn to a bed and breakfast or that the Commission approves the use. If there is a determination that the barn can not be used for the bed and breakfast, then the applicant has the option to reconfigure one or both of the residences into up to a total of ten units and submit such revised plans pursuant to Special Condition #1.

46. **Visitor Credit Transfer Agreement Recordation:** Prior to issuance of the coastal development permit, the applicant shall provide evidence to the Executive Director that the portions of “Real Property Exchange Agreement July 24, 1984, Parties: Ted Richter and Paul Davis, Mary Riley Whisler, and Francis Whisler” pertaining to transfer of visitor-serving credits off of what are now APNs 243-113-001 through -007 have been recorded.

VII. RECOMMENDED FINDINGS AND DECLARATIONS

The Commission finds and declares as follows:

A. PROJECT LOCATION AND DESCRIPTION

1. Setting

The project is the conversion of an existing single family dwelling, barn and cottage to a 10-unit bed and breakfast facility. Parking will be provided for 12 cars. The project is located on the east side of Highway One, near Riley Ranch Road and Highway One in the Carmel area of the Coastal Zone in the County of Monterey (see Exhibit A). The project is located on a 5.42-acre parcel (APN 243-112-015-000), located east of Highway One and across from the Point Lobos State Reserve (see inset map; Exhibit B). The property is designated “Resource Conservation” with a Special Treatment overlay in the Monterey County Local Coastal Program. (see Exhibit E)

The parcel is part of what was Point Lobos Ranch. At the time of LCP preparation two families owned the Ranch: the Hudsons and the Rileys/Whislens (see Special Treatment Area map in Exhibit E). More recently most of the Ranch was sold to the Big Sur Land Trust for eventual transfer to State Parks and Recreation (see Exhibit G). Some land remained in private ownership including the subject parcel which contains an existing single family dwelling (see Figure 1), a barn and a cottage, all of which are visible from Highway One and from within Point Lobos State Reserve. Access is from Riley Ranch Road, a County road that intersects Highway One across from the Reserve.



Figure 1: Existing Stone House



Figure 2: Proposed Parking Area

2. Project Description

The proposed project involves conversion of the barn into four bedrooms, the refurbishing of the cottage into two guest rooms, and the refurbishing of the house for four upstairs bedrooms (see Exhibit B). The manager's quarters will be on the first floor of the house along with a lounge, reception area, and exercise room. There will be little change to the exterior appearance of the buildings. A landscaping plan is required as a condition of County approval. The flat area between the barn and the cottage will be used for parking (12 spaces; see Figure 2). Also, pursuant to County conditions for fire protection purposes, Riley Ranch Road to the site will be widened and improved to 18 feet. The road's intersection with Highway One also will be improved (see Exhibit B-3).

B. POINT LOBOS RANCH COMPREHENSIVE DEVELOPMENT PLAN AND RESULTANT ALLOCATION OF DENSITY

1. Relevant Local Coastal Program Provisions

The following provisions from the *Carmel Area Land Use Plan* are relevant. The subject site is located in the "Flatlands" area of Point Lobos Ranch on what were called the "Riley" holdings.

4.4.3.E.8. Rural residential development is appropriate for the "Flatlands" area, the lower area of Point Lobos Ranch presently characterized by rural residential use. New land divisions within this area shall result in a maximum of 28 additional units permissible if conversion of visitor serving commercial to residential units is carried out pursuant to the provisions of policy 4.4.3.F.4.C. Preference should also be given to transferring 8 units of residential development for the Riley holdings to the Flatlands pursuant to policies 2.2.4.10.b and 4.4.3.G.3. New development in this area shall be located within the forest cover and shall not be allowed on the open, scenic pasturelands.

4.4.3.E.9. Residential development of Point Lobos Ranch shall only be considered within the context of an overall development and management plan(s) for the entire ranch that

provide for recreation and visitor-serving uses provided, however, that no individual owner shall be prevented from making and proceeding with a separate application for residential development, if full notice is given to other owners of such proceeding so that overall development and management may be discussed during the consideration of any such application.

Also required is residential (if any) clustering and substantial open space available for on-site recreational use by hotel patrons and the public and to require protection of adjacent State Parks land.

LCP policies related to the Point Lobos Ranch Special Treatment Area state:

4.4.3.F. The "Special Treatment" overlay is intended to be used in conjunction with the underlying land use designation. Its purpose is to facilitate a comprehensive planned approach for specifically designated properties where a mix of uses are permitted and/or where there are unique natural and scenic resources or significant recreational/visitor-serving opportunities. Particular attention is to be given towards siting and planning development to be compatible with existing resources and adjacent land uses. ...The Point Lobos Ranch [covers] roughly 1,600 acres. Policies governing the type and intensity of uses and the location of development for [this Special Treatment Area] are contained in preceding sections of this chapter, [and] are provided in greater detail as follows:

4.4.3.F.4. POINT LOBOS RANCH

The entire Point Lobos Ranch, consisting of the Hudson and Riley properties, shall be designated for "Special Treatment" in order to facilitate a comprehensive planned development as described in policy 4.4.3.E.9, capitalize upon the significant recreational and visitor-serving opportunities offered by the ranch, and protect its unique scenic and natural resource values. The following policies, in addition to applicable policies in Section 4.4.3, D. Commercial, and E. Residential, shall govern the types and intensities of allowable uses on the ranch:

- a. Visitor-serving facilities shall be allowed on both the Hudson and Riley properties. Each property may be permitted up to 120 visitor-serving units, for a total of 240 units.*
- b. The existing residential density on the Flatlands portion of the Ranch is permitted to remain (10 units on 143 Riley acres; 4 units on 200 Hudson acres).*
- c. An overall density of 1 unit per 10 acres (i.e., 16 additional residences) may be permitted on the portion of the Hudson property within the Flatlands area and one unit per 5 acres (i.e. 12 additional residences) may be permitted on the portion of the Riley property as an alternative to the permitted visitor-serving facilities.*
- d. The density credit for new residential development for the upper portions of the ranch ("Intermediate Terrain" and "Uplands") shall be as specified per policy 4.4.3.E.10 (i.e. 1*

unit per 40 or 80 acres, which equates to 8 units for the Riley holdings and 20 units for the Hudson holdings). Preference should be given to clustering this development and/or transferring it to the Flatlands pursuant to policies 2.2.4.10.b and 4.4.3.G.3.

If clustering of this development and/or a transfer of density from either the Riley or Hudson Intermediate Terrain or Uplands is provided and the completion of overall development and management plans for both properties is coordinated to the greatest extent possible, residential development and visitor-serving facilities shall both be permitted on the Flatlands areas of the Riley holdings and the Hudson holdings, however not to exceed a total visitor-serving units of 276 and a total new residential units as herein permitted for the entire Point Lobos Ranch.

e. The maximum residential density for the Riley property if developed exclusively as residential units shall be a total of 30 units (i.e. 8 units on the Uplands, 10 existing residential units, and 12-units on the Flatlands). The maximum residential density for the Hudson property if developed exclusively as residential units shall be 40 (i.e. 20 units from the intermediate and Uplands areas, 16 units on the Flatlands, and 4 existing family residential units).

f. Employee housing shall be required as an addition to the permitted number of residential units and shall conform to policy 4.4.3.H.2.b, but not to exceed a maximum of 36 employees.

g. Shared access to serve new development on both properties shall be required and located and designed so as to have least impact on Point Lobos Reserve and on through traffic on Highway one.

h. Trails for public access shall be required to connect the Gowen Cypress annex, Huckleberry Hill and Point Lobos Ridge areas.

i. If both lodge facilities are developed in the flatlands area of the ranch, a joint-use conference center for functions associated with the hotel(s) may be constructed. Ancillary facilities shall be in scale with the lodge facility.

j. Completion of overall development and management plans for both properties shall be required and shall be coordinated to the greatest extent possible.

k. Lower cost visitor serving facilities shall be provided in the ratio of at least one unit (e.g. hostel bed, campground space) for every five average or high-cost hotel units pursuant to policies 4.4.3.D.3, 4.4.3.D.5 and 4.4.3.D.7, however, not to exceed a total of 276 visitor-serving units.

Carmel Area Land Use Plan policies relevant to development of large properties and ranches, and which also apply to Special Treatment areas include the following:

4.4.3.G.1. The development of large properties (over 50 acres) and ranches should be guided by an overall management plan. The plan should reflect the long-range open

space values, and low-intensity recreation, and how development of the property will be phased over time.

4.4.3.G.2. The County will assist large property owners in securing agricultural, conservation and scenic easements on their properties to reflect the low-intensity development appropriate in such rural areas.

4.4.3.G.3. The County will assist large property owners in determining and planning for appropriate land uses, which will sustain the property in an undivided state over the long term. On large parcels, clustering is encouraged to preserve open space and recreational use opportunities, especially adjacent to existing parkland.

4.4.3.G.4. Owners of large properties should carefully consider tax benefits available through working with non-profit conservation agencies or trusts, such as the California Coastal Conservancy, the Big Sur Land Trust, the Trust for Public Lands, and the Nature Conservancy.

2. De Novo Findings for Conditional Coastal Permit Approval

In order to approve a coastal permit for this bed and breakfast project, the Commission must first find consistency with the cited policies for overall planning and density allocation for Point Lobos Ranch. This is because any specific project on the Ranch must fit into the overall plan for the Ranch. The Commission finds (1) that a sufficient level of comprehensive planning has occurred and (2) the result is consistent with the direction given in the *Land Use Plan*, but conditions are required to memorialize aspects of this planning exercise.

(1) Comprehensive Planning Process: The above-cited policies mandate that development at Point Lobos Ranch be guided by an overall plan. A comprehensive plan covering the entire Point Lobos Ranch was prepared by both property owners (Hudsons and Rileys) and submitted to the County in 1984. The plan illustrated how the private residential and visitor-serving development potentially allowed under the LCP would be sited on Point Lobos Ranch. The expansive development envisioned in this plan did not materialize and was never approved by the County. Instead, the private property owners sold large portions of their holdings to the Big Sur Land Trust for eventual transfer to the State Parks system (see Exhibit G).

However, on what was the Riley portion of Point Lobos Ranch four private inholdings remain, including the subject 5.4 acres and a 24 acre parcel both on the Flatlands. The County approved a seven lot residential subdivision of this latter parcel in 1996, amended in 2000 (County coastal permit SB94001). In order to approve the subdivision the County addressed the issue of comprehensive planning as follows:

Evidence: The property owners have participated in and prepared an overall planning effort for the entire Whisler property, including a comprehensive planned approach for both the Riley Ranch property and the Point Lobos Ranch property. The proposed seven parcels are clustered, and the 317 acre Upland portion of the property will be voluntarily placed in a permanent Conservation and Scenic Easement, limiting development to one unit...

Evidence The certified Carmel Area Coastal Implementation Plan (Part 4), Chapter 20.146 "Regulations for Development in the Carmel Area Land Use Plan", Development in the Riley Ranch portion of the Point Lobos Special Treatment. The Carmel Area Land Use Plan placed a special treatment overlay for the Point Lobos Ranch. The original overlay dealt with the comprehensive development plan for the Riley and Hudson portions of the Point Lobos Ranch. That plan called for the development of 240 visitor serving units (120 for Riley and 120 for Hudson). At this time, the Rancho Chiquita Associates (PLN 970284) Bed and Breakfast facility (10 unit bed facility) and the Hudson residence with guest house (PLN 980631) are the only other developments approved on what is mapped in the Land Use Plan as the Riley Ranch portion of the property. Subsequently, the majority of the Point Lobos Ranch was purchased by the Big Sur Land Trust, and is proposed for addition to Point Lobos Reserve (California State Parks). The remainder of the parcels are privately owned. The Whisler Combined Development Permit, the Hudson house, and the Rancho Chiquita Associates project as proposed will not exceed the development densities for the Riley portion of the ranch as defined in the Carmel Area Land Use Plan. At maximum buildout (including this Combined Development Permit, Rancho Chiquita Associates, and potential conversion of dwelling units to Visitor Serving Uses as summarized in the chart below), the maximum potential number of units for the area is as follows:

Riley flatland parcel (24.25 acres)	7 ¹
Rancho Chiquita Associated (PLN 970284) 5 acre parcel bed and breakfast	10
Riley upland parcel (317 acres) under Voluntary conservation easement	1
Riley / Hudson flatland parcels (1 existing, 1 new)	2 ²
Hudson (Regan) parcel (8 acres) (potential for bed and breakfast) ³	2 10

This private development totals much less than the maximum allowed in the Carmel Area Land Use Plan. No development will occur on the state Parks and Recreation property until the Department prepares a General Plan, pursuant to State law. The maximum

¹ Three of the newly created lots already contain residences, thus there will be four new residences.

² The new house, on what was part of the Riley portion of Point Lobos Ranch, but was transferred to Hudson ownership, was approved by the County for a coastal permit in 1999. Given this permit, there will be six vacant Riley Flatlands residential parcels and one vacant Riley Uplands parcel, for a total of seven more homes (nine total, as two already exist) on what was the Riley portion of Point Lobos Ranch.

³ This entry refers to a portion of the Hudson holdings of Point Lobos Ranch and, hence, is not germane to the calculations for allowable density on the Riley portion of Point Lobos Ranch, where the subject project is located.

amount of development will be what is allowed by the Carmel Area Land Use Plan, minus that enumerated above for the inholdings. Although, since the land has been publicly acquired primarily for habitat preservation purposes, it is anticipated that the overall intensity of development will be much less.

Evidence: A Point Lobos Ranch master plan was privately prepared, as detailed in correspondence from Mark Blum, applicant's representative, dated September 29, 1999 ... This plan demonstrates how density allowed by the Carmel Area Land Use Plan could be located on the Ranch. Subsequently, the majority of the Ranch was sold to the Big Sur Land Trust for eventual transfer to S[t]ate Parks and Recreation. Thus, the Master Plan for the site comprises what is planned to occur on the remaining private inholdings plus what may occur on the property proposed for eventual transfer to State Parks and Recreation.

These County findings detail the evolution of comprehensive planning for Point Lobos Ranch from the initial private effort. Now, with the various ownership changes that have occurred and permits that have been granted (for specific site plans), there is the equivalent of an updated comprehensive plan, at least to the extent that it is clear what the ultimate land uses of the entire Point Lobos Ranch will be (i.e., small private residential or bed and breakfast inholdings within a State Park). There is clear evidence that consultation among the original property owners occurred. There is also clear evidence that consultation among the new property owners occurred, at least to the extent that property transfers occurred. The fact that there is not a detailed plan for the now and future public portion of Point Lobos Ranch should not deter the remaining private property from being developed. Such a plan is a minimum three years away, according to State Parks.

(2) Results of Comprehensive Planning: The results of the evolution of the planning efforts are consistent with the *Carmel Area Land Use Plan*. However, they have to be properly memorialized, which can be accomplished by conditioning this permit.

The *Land Use Plan* suggests that the result of the comprehensive Ranch planning process be a combination of private and public use, but it does not mandate public ownership. There is no coastal regulatory authority over ownership change. Thus, the Commission is in the position of taking a retroactive look as to whether the results of the ownership changes and their implications for development on Point Lobos Ranch meet the *Plan* objectives. Certainly, the result that much of the land will become a State Park is consistent with the *Plan* objectives to provide for some level of public recreational use while protecting the scenic, open space, and other resources of the Ranch. In order to approve this permit, the Commission must determine whether the remaining proposed private development, especially the subject project, also is consistent with the intent of the *Land Use Plan* policies.

As noted, County findings approving a seven lot residential subdivision on a portion of the Riley holdings at Point Lobos Ranch also endorsed an allocation of ten visitor-serving units for the proposed bed and breakfast at the subject site. The Commission concurs in this endorsement based on the following analysis.

Basically, the *Land Use Plan* allowed for three scenarios: 1. residential development of the Ranch (both Uplands and Flatlands), 2. visitor-serving development on the Flatlands and residential on the Uplands, or 3. both residential and visitor-serving development on the Flatlands with (residential density transferred from the uplands pursuant to cited *Carmel Area Land Use Plan* policy 4.4.3.F.4.d). The latter allowed for the most total buildout as an incentive to cluster development in the Flatlands and leave the Uplands in open space. Exhibit F maps the three scenarios.

The total Riley holdings were approximately 460 acres, separated into an Uplands area a lower Flatlands area.⁴ The Rileys and subsequent owners transferred seven of their eight Upland potential residential credits to the Flatlands. This action would imply that the Flatlands could be developed with residences and visitor-serving facilities, pursuant to the *Land Use Plan's* transfer incentive policy (scenario 3 described above). Thus, the maximum development that could occur on the Riley Flatlands could be interpreted to be 29 residential uses (since one potential residential credit was not transferred), 23 lower-cost and 115 other visitor-serving units.⁵ Another interpretation (of the transfer policy 4.4.3.F.4.d) would be that since only seven out of the eight potential residential credits were transferred to the Flatlands, then only 7/8 of the potential visitor-serving units would also be authorized. In this case, the maximum development that could occur on the Riley Flatlands would be 29 residential units and 121 visitor units.

The Riley/Whisler family sold some of its holdings on the lower portion of the Ranch to the current applicant (Rancho Chiquita Associates). As part of the sale, the Riley/Whisler family interests transferred their potential visitor-serving credits to Rancho Chiquita Associates. Thus, Rancho Chiquita possessed up to at least 121 visitor-serving credits. In turn Rancho Chiquita sold about 114.6 acres to BSLT, retaining the subject 5.4 acres. According to the land transfer agreements, Rancho Chiquita retained all of the potential visitor credits that would be attributable to the private land. Thus, the question is: How many potential visitor-serving credits did Rancho Chiquita retain?

The appellants had contended that there should be no residual visitor-serving credit left which could occur in existing buildings remaining on the private inholdings. This contention was based on the fact that portions of the Ranch shown for intensive visitor-serving uses in the private parties' comprehensive plan have since been acquired for public use. There is not a definitive discussion of visitor-serving credits in the documents concerning the land transaction between Rancho Chiquita and the BSLT. After the Commission found substantial issue, discussion, then litigation, ensued among the current Ranch owners to try to sort out this question of density allocation. The result was a settlement agreement of March 6, 2002 that states (see pages 27 &

⁴ There was also some "Intermediate Terrain" between the Flatlands and Uplands that does not materially affect this discussion and hence will not be mentioned for simplicity sake. While *Land Use Plan* policy 4.4.3.E.4.b indicates that the Riley Flatlands parcel was 143 acres, the combined Riley "Flatlands and Intermediate Terrain" is approximately 149 acres according to a review of current assessor map parcel acreages.

⁵ In several policies the LCP refers to a maximum of 120 visitor units. However it also provides that if a high-cost visitor facility were built, it was to have a low-cost visitor component in the ratio of at least one low cost unit for every five high cost units. In that case, the maximum number of visitor units allowed was 138. Therefore, the maximum development could have been 115 high cost and 23 low cost units.

28 of Exhibit H):

Under the 1993 purchase agreement of the parties, the Big Sur Land Trust did not purchase or otherwise acquire the development rights, to the extent that they exist, under the LCP and LUP for the Stone House [site for the subject bed and breakfast] or the Whisler upland parcel. Rancho Chiquita agrees that the project pending before the Coastal Commission [the subject bed and breakfast] does not rely in any part upon any development rights, to the extent they exist, associated with the acreage conveyed to the Big Sur Land Trust.

This settlement agreement did not include an allocation of density credits. Therefore, the Commission must determine the appropriate allocation to the subject site in order to act on this appeal.

The County has already determined that the aforementioned 24.25 acre parcel is suitable for and allocated seven residential units under coastal permit SB94001. The “Real Property Exchange Agreement July 24, 1984, Parties: Ted Richter and Paul Davis, Mary Riley Whisler, and Francis Whisler” indicated that the 24.25 acre site was not to be used for visitor-serving purposes and allocated their potential visitor unit credits to the owners of the subject site. As part of the findings of coastal permit SB94001 and as reiterated in the subsequent permit that is now being appealed, the County determined that the subject 5.4 acre parcel is suitable for up to 10 bed and breakfast units. This is the appropriate maximum number of units for the subject site for the following additional reasons:

- bed and breakfast facilities are limited to a maximum of ten units under the local coastal program;
- no additional commercial structures can be built on the site pursuant to a scenic easement over the property;
- application of local coastal program policies addressing septic systems, water use, parking requirements and scenic resource protection (see following findings) in conjunction with site constraints would most likely preclude further units.

The Commission finds that at least ten visitor credits are available to the subject site. In the absence of an explicit formula in the LCP, the Commission relies on utilizing a proportional allocation of potential credits to be most equitable and, hence, justifiable. As noted, there is the potential for up to at least 121 visitor units to be placed on the Riley Flatlands. Currently, the remaining private land is about 30 out of 137 acres or 22% of the total acreage. 22% of 121 is 27.⁶ Thus, there is a potential of up to at least 27 units available to the remaining private lands at Point Lobos Ranch. According to The “Real Property Exchange Agreement July 24, 1984,

⁶ As noted, an alternative interpretation would be that 138 visitor credits accrue. In that case, 22% of 138 is 30 for the private parties. When finding substantial issue, the Commission, in embracing the proportionality concept, used a formula that would have resulted in the applicant having 5 units, plus one lower-cost unit. However, that finding did not account for the transfers discussed here.

Parties: Ted Richter and Paul Davis, Mary Riley Whisler, and Francis Whisler” all potential private visitor credits accrue to the subject site. Therefore, the subject bed and breakfast can be ten units because that is within the parameters of the maximum allocation of visitor units to the site.

As noted, this analysis is predicated on the private transfers of potential density credits that have occurred as part of the land ownership transactions and the equitable distribution of those credits. In a sense, they are a component of the comprehensive planning that has occurred for the Ranch. Therefore, these private transfers need to be memorialized to ensure on-going consistency with the local coastal program. The transfer of development credits from the Uplands to the Flatlands has already been memorialized through a grant of Conservation and Scenic Easement Deed and Relinquishment of Density Credit to Monterey County. The transfer of visitor credits off of APNs 243-113-001 through -007 can be memorialized by recording the portion of “Real Property Exchange Agreement July 24, 1984, Parties: Ted Richter and Paul Davis, Mary Riley Whisler, and Francis Whisler” which mentions that transfer (see Condition #46). By requiring this condition to be recorded on a deed restriction (see condition #3), future owners are bound to its terms and, hence, could not unrecord or modify the transfer agreement, absent a coastal permit amendment. In conclusion, through the noted actions and conditions, no other private part of what was the Riley Ranch could claim an entitlement to the subject project’s ten visitor credits.

(3) Conclusion: As conditioned to memorialize the potential density transfer credits that have occurred (conditions #3 and #46), the permit is consistent with the above cited comprehensive plan policies of the *Carmel Area Land Use Plan*.

C. BED AND BREAKFAST LAND USE AND MANAGEMENT

1. Relevant Local Coastal Program Provisions

In addition to the policies cited in the above Finding B, the *Carmel Area Land Use Plan* designates the subject site as “Resource Conservation: Forest and Upland Habitat” with a Special Treatment Overlay. This underlying designation is defined under Section 4.5.A as follows:

Protection of sensitive resources, plant communities, and animal habitats is emphasized. Only very low intensity uses and supporting facilities compatible with protection of the resource are allowed. Appropriate uses can include carefully controlled low-intensity day-use recreation, education and research and beach sand replenishment. Two types of Resources Conservation areas are shown on the plan map....

Forest and Upland Habitats - This designation applies to environmentally sensitive forest habitat, grassland, scrub, or chaparral habitat and to upland riparian habitats. It also applies to public or private reserves or open space areas set aside for resource preservation or research. The resource maps supplement provides specific information regarding the various resources. This designation is applied to Point Lobos Reserve and the DeAmaral Preserve.

Policy 4.4.3.A.1 provides:

Only the minimum level of facilities essential to the support of recreational, educational, or scientific use of Resource Conservation areas shall be permitted. Facilities shall be sited so as to avoid adverse impacts to environmentally sensitive habitats and wildlife.

The site is zoned, “Resource Conservation” with a “Special Treatment” overlay. The purpose of this base district is found in *County Code* Section 20.36.010:

The purpose of this Chapter is to provide a district to protect, preserve, enhance, and restore sensitive resource areas in the County of Monterey. Of specific concern are the highly sensitive resources inherent in such areas such as viewshed, watershed, plant and wildlife habitat, streams, beaches, dunes, tidal areas, estuaries, sloughs, forests, public open space areas and riparian corridors. The purpose of this Chapter is to be carried out by allowing only such development that can be achieved without adverse effect and which will be subordinate to the resources of the particular site and area.

Neither new bed and breakfast nor other structural overnight facilities are allowed in the “Resource Conservation” district. Neither are residences. One of the conditionally allowed uses is found under Section 20.36.050:

D. Legal nonconforming use changed to a use of a similar or more restricted nature;

In addition to the policies cited in the above finding, Section 4.4.3 of the *Carmel Area Land Use Plan* contains specific development policies for residential and recreation and visitor serving commercial uses. Almost verbatim provisions are found in the *Coastal Implementation Plan*. Relevant policies include:

4.4.3.D.1. Visitor-serving facilities are presently located in existing developed areas. Expansion of existing facilities or the location of new facilities within existing developed areas is preferred over development elsewhere. ...

4.4.3.D.4. Proposals for development of new or expansion of existing recreation and visitor-serving facilities should be evaluated on an individual basis. All proposals must demonstrate consistency with the land use plan, maximum site and parcel densities, and environmental, visual, design and traffic safety constraints. The expansion and development of recreation and visitor-serving facilities should be of a scale and nature that is compatible with the natural and scenic character of the area.

The maximum intensity [specified] in the plan for visitor-serving sites shall not be required to be reduced because of a finding of inadequate traffic capacity on Highway 1, unless maximum permitted intensity in this plan of residential use is correspondingly reduced.

4.4.3.D.6. Development of intensive recreation and visitor-serving facilities except for recreational vehicle campgrounds, gas stations and grocery stores, may be permissible on the Point Lobos Ranch in the "Flatlands" areas. The development of lodge or inn

facilities must be of a scale and nature that is compatible with the natural scenic character of the area. Development shall provide for low-intensity public recreation and/or low-cost visitor-serving facilities. More specific requirements and provisions are set forth in Section F. Special Treatment.

4.4.3.D.7. In the Flatlands area of Point Lobos Ranch, conversion of existing ranch buildings not essential to ranch operations to visitor-serving units may be appropriate. Conversion to a hostel for hikers and cyclists is encouraged. The hostel units if low cost should be considered as an additional increment to the maximum number of lodge units allowed by the plan. However, if higher cost facilities are proposed, the number of units converted to visitor-serving uses shall be considered as part of the allowable maximum number of visitor-serving units for Point Lobos Ranch.

Another relevant policy states:

2.2.3.9. Landowners will be encouraged to donate scenic easements to an appropriate agency or nonprofit organization over portions of their land in the viewshed, or, where easements already exist, to continue this protection. Viewshed land protected by scenic easements required pursuant to Coastal Permits shall be permanently free of structural development unless specifically permitted at the time of granting the easement.

Monterey County Coastal Implementation Plan Section 20.64.100 contains the following “Regulations for Bed and Breakfast Facilities”:

C. Regulations: A bed and breakfast facility may be allowed in all districts which allow residential use and where found to be consistent with the Monterey County Local Coastal Program on any lot in any zoning district that allows residential uses subject to a Coastal Development Permit in each case and subject to the following regulations:

1. The property owners shall occupy and manage the bed and breakfast facility. The facility shall not be affiliated with hotels or motels operating anywhere in the County of Monterey.

2. No more than 10 guest rooms may be allowed in 1 facility.

3. No long-term rental of rooms shall be permitted. The maximum stay for guests shall not exceed 29 consecutive days in a 30 day period and no more than 60 days in a one year period.

4. The facility shall provide parking on site at the rate of 1 space per guestroom plus two spaces for the owners.

5. Each bed and breakfast facility may have a maximum of one sign not exceeding 4 square feet in area. Such sign shall be attached to the residence, and shall not be internally illuminated.

6. Such facilities shall be subject to the transient occupancy tax. (Chapter 5.40,

Monterey County Code)

7. *Any cooking facility must comply with State and County codes.*

D. In order to grant the Coastal Development Permit the Appropriate Authority shall make the following findings:

1. *That the establishment of the bed and breakfast facility will not under the circumstances of the particular application be detrimental to the health, safety, and general welfare of persons residing or working in the neighborhood or to the general welfare of the County.*

2. *That the proposed bed and breakfast facility complies with all applicable requirements of Section 20.64.100(C) of this Title.*

3. *That the proposed bed and breakfast facility will not adversely impact traffic conditions in the area.*

4. *That adequate sewage disposal and water supply facilities exist or are readily available to the lot.*

5. *That the proposed bed and breakfast facility is consistent with the Monterey County Local Coastal Program.*

6. *That the subject property is in compliance with all rules and regulations pertaining to zoning uses, subdivisions, and any other applicable provisions of this Title and that all zoning violation abatement costs, if any, have been paid.*

2. De Novo Findings for Conditional Coastal Permit Approval

Having found that the property owners have acquired potential visitor-serving credits for Point Lobos Ranch, the Commission must next find that a ten-unit bed and breakfast use is specifically appropriate for the subject parcel and that it is in keeping with management planning for the site. The Commission finds (1) that the proposal is appropriate for the site; (2) that it meets most specific requirements for bed and breakfasts but needs to be conditioned to be fully consistent with all cited policies; and (3) that it needs to be conditioned for additional management measures within the context of the overall use of Point Lobos Ranch.

(1) Bed and Breakfast Use of the Site. The Commission finds that the proposed bed and breakfast is an allowed and appropriate use on the subject site. The Commission finds that the transfer of the credits for visitor-serving units, described in the previous finding, to allow them to be used on this site (as opposed to elsewhere on the Riley portion of Point Lobos Ranch) complies with the policy direction of the *Carmel Area Land Use Plan*. The Commission endorses and incorporates Monterey County coastal permit PLN970284 Finding #1 which notes that the *Monterey County Coastal Implementation Plan*,

Title 20 allows bed and breakfast facilities in all districts that allow residential use. The bed and breakfast facility proposed with this project would be located within an existing residential dwelling. The regulations for the bed and breakfast facility were incorporated as conditions of approval.

Monterey County coastal permit PLN970284 Finding #1 also contains as evidence:

The Resource Conservation zoning district, as well as the existing Scenic Easement on the property would restrict all future development on the property. No new development would be allowed on the property and the bed and breakfast facility would only be allowed in existing structures.

The three structures that would house the subject bed and breakfast proposal are legal non-conforming uses. Two are residential structures. Under the cited provisions, the County treats bed and breakfasts as residential uses. Thus, the conversion of these two structures is permitted.

The third structure is a barn. The applicant has indicated that the barn is ancillary to (and, hence, can be considered) a residential use. (Dyer to Hyman June 19, 2002, page 13 of Exhibit H) Since the County does not consider barns as separate uses, the interpretation that it is an ancillary residential use would mean it would qualify to be a bed and breakfast. The applicant has also indicated that the barn is actually already a commercial use because people board horses there and come to ride them. (Davis to Board of Supervisors November 4, 1999) Therefore, a case can be made on this basis as well that the bed and breakfast is at least similar to the current barn use. Under either of these interpretations, the non-conforming provisions would be satisfied.

Additionally, policy 4.4.3.D.7 encourages ranch buildings to be converted to visitor-serving facilities. The policy does not distinguish between converting ranch residences and ranch barns. The proposal to readapt the use of these scenic buildings is a positive feature of this proposal.

There remains a question as to whether the barn conversion is in keeping with the terms of a scenic easement on the property. The easement in question is between the State and the landowners, agreed to prior to the Coastal Act (in 1933). It has two basic provisions. One is that on the portion of the site within 230 feet of the west edge of Highway One the only new structures that are allowed are non-commercial farm buildings. The State Parks Commission must approve any other buildings. The other provision allows only farm buildings or other non-commercial buildings on the remaining portion of the site. The barn is within 230 feet of the west edge of the highway. It was constructed after the easement was in effect. As a farm building it meets the terms of the easement. The easement does not explicitly address future conversions of new farm buildings, but there is an implication that they would violate the spirit of the easement. As appellants, State Parks officials have maintained that the barn conversion is inconsistent with the intent of the scenic easement (See page 33 of Exhibit H). The applicants' representative has disagreed because "the deed says nothing about the manner in which existing buildings are to be used." Also, although stable doors will be replaced with French doors, he notes in part, "Because the project at hand contemplates preserving the exterior appearance of the present structures, the 1933 document has no bearing on this application." (Dyer to Chance,

11/3/99) Given these different interpretations, it would appear necessary for the applicants to either convince the State Parks Commission itself that the proposed use is consistent with the easement terms or receive the Commission's specific approval for proceeding with the barn portion of the project (see Condition # 45). If the Parks Commission decides in the negative, then the applicant could either have a six-guestroom bed and breakfast or reconfigure the two existing residences into up to ten rooms, instead of the six currently proposed. These proposed rooms in the two houses are of an ample size (average approximately 500 square feet) to be split into smaller bedrooms.

Viewing this proposal in a larger context also lends support to the proposed bed and breakfast use. Full implementation of the *Carmel Area Land Use Plan* was calculated to yield a maximum of 604 visitor-serving units, including 276 on Point Lobos Ranch, or almost half of the 604 units. The Commission has previously approved a reduction in 107 existing units, through allowing part of the Highlands Inn to convert to timeshares (Appeal A-3-MCO-98-083). The *Carmel Area Land Use Plan* indicates that Point Lobos Ranch is "considered the most suitable of any area in the Carmel area for a development of a major visitor-serving facility." With the acquisition of most of the Ranch by Big Sur Land Trust, this is unlikely to ever happen. There are no other properties in the Carmel Area designated for new visitor-serving accommodations (only the Carmel River Inn could theoretically expand). Thus, the provision of ten additional rooms in a bed and breakfast setting, is a very modest way of increasing the amount of overnight accommodations in the area, as envisioned in the local coastal program.

(2) Specific Bed and Breakfast Regulations: The plans for the proposed bed and breakfast demonstrate compliance with some of the specific requirements, such as maximum rooms and parking spaces. The County conditioned its permit to ensure compliance with these and other requirements in the following ways: Condition #33 requires on-site management by the owner. Condition #34 reiterates the 10 room limit. Condition #35 prohibits long-term room rentals. Condition #35 can be modified to include the annual 60 day maximum as well as the monthly maximum. (See also specific Traffic and Septic System Findings F and I, below for compliance with other cited Bed and Breakfast requirements.)

(3) Management Planning: Embodied in the requirements for comprehensive planning for Point Lobos Ranch discussed above is on-going management. With the *Land Use Plan* policies written at a time when the entire Ranch was privately owned, a major objective for on-going management was to ensure opportunities for public recreation. Given that the private parties have sold the majority of the Ranch for a State Park, there will not be that same level of obligation on the private landowners to provide public recreation. Rather, their responsibility should shift to ensuring that their permitted uses do not interfere with and are not in conflict with the uses made of the public portion of the Ranch.

There appears to be some compatibility between the proposed private bed and breakfast use and the public park use. Access across the Ranch is preserved on road easements. The bed and breakfast will not be an impediment to future hikers going from the northern portion to the southern portion of this part of Point Lobos Ranch when it becomes a park. Access to the bed and breakfast is on a short stretch of road that the landowners retained an easement over to use

and that serves other private inholdings as well. Thus, bed and breakfast patrons will only have to travel about 350 feet off of Highway One to reach the bed and breakfast parking lot over a road that other private residences use as well. There is a similar situation with a bed and breakfast inholding near the entrance to Nisene Marks State Park, with no reported problems of incompatibility.

Nevertheless, conflicts between uses may still arise. For example, bed and breakfast visitors could go onto portions of the State Park that are off-limits, bring pets that would harm the fauna or flora on the Park, or drive and park in places or at times that conflict with Park rules. To the extent that such problems could occur as a result of approving the bed and breakfast, a required management plan could provide the authority for resolving them. The County conditioned its coastal permit PLN970284 (Condition #41) to require an information brochure on the rules and regulations of Point Lobos State Reserve for the bed and breakfast patrons. This condition needs to be retained but by itself is insufficient to ensure against all potential conflicts. Additionally, the bed and breakfast owner should prepare a management plan that addresses issues such as lighting, outdoor activities, pets, access, traffic, and parking (see Condition #42).

It will be several years before the management parameters for the public portions of the Ranch are developed. It is not necessary to delay approval of this project on a private portion of the Ranch until these parameters are known. Rather, the required bed and breakfast management plan needs to evolve, as the management parameters for the State Park become known.

(4) Conclusion The proposed project is generally consistent with the local coastal program's bed and breakfast requirements. As conditioned to follow all of these requirements by incorporating and modifying the cited County conditions and as further conditioned for a management plan, the permit is consistent with the pertinent cited and referenced local coastal program policies.

D. ARCHAEOLOGICAL RESOURCE PROTECTION

1. Relevant Local Coastal Program Provisions

Section 2.8. of the *Carmel Area Land Use Plan* includes the following key policy with regard to archaeology and the following operative policy:

2.8.2. Carmel's archaeological resources, including those areas considered to be archaeologically sensitive but not yet surveyed and mapped, shall be maintained and protected for their scientific and cultural heritage values. New land uses, both public and private, should be considered compatible with this objective only where they incorporate all site planning and design features necessary to minimize or avoid impacts to archaeological resources.

2.8.3.2 Whenever development is to occur in the coastal zone, the Archaeological Site Survey Office or other appropriate authority shall be contacted to determine whether the property has received an archaeological survey. If not and the parcel are in an area of high archaeological sensitivity, such a survey shall be conducted to determine if an

archaeological site exists. The Archaeological Survey should describe the sensitivity of the site and recommend appropriate levels of development and mitigation consistent with the site's need for protection.

Section 20.146.090 of the *Monterey County Coastal Implementation Plan* contains additional procedural detail on preparing archaeological reports.

2. De Novo Coastal Permit Approval

In order to approve a coastal permit for the proposed project, the Commission must find that archaeological resources will not be harmed, which they will not, if the permit is properly conditioned.

The subject site is in an area of high archaeological sensitivity. There are various recorded archaeological sites in the vicinity of the proposed parking lot, but not at the precise location of the lot. The Commission endorses the following conclusion from the County staff report for its permit PLN970284:

[County] Staff made a site visit prior to the submittal of the application for the proposed project. Staff determined that no grading was proposed for the parking areas. The area proposed for the parking area has historically been used as a parking area for the existing agricultural uses. The project would not have the potential of impacting cultural resources. In addition, the applicant has recently submitted material from a previous archaeological report prepared for the property which indicated that potential cultural resources in the area are located northerly of the project site.

There is a remote chance that, since the nearby area is sensitive and since some land disturbance will occur, archaeological resources could be found. This can be addressed by imposing a standard discovery condition: if any resources are discovered, then work stops until they can be assessed (see Condition #43). As so conditioned, the coastal permit is consistent with the local coastal program's archaeology policies.

E. CONVERSION AND MODIFICATION OF EXISTING WATER SYSTEM

1. Relevant Local Coastal Program Provisions

Section 2.3.4 of the *Carmel Area Land Use Plan* includes the following policies with regard to riparian corridors:

2.3.4.2. Riparian Corridor and Other Terrestrial Wildlife Habitats. The State Water Quality Control Board and the California Department of Fish and Game, in coordination with the County of Monterey, should establish and reserve instream flows sufficient to protect and maintain riparian vegetation, fishery resources and adequate recharge levels for Protection of groundwater supplies.

Section 2.4.4.A. of the *Carmel Area Land Use Plan* includes the following policies with regard to water availability:

2.4.4.A.1. New development shall be approved only where it can be demonstrated by the applicant that adequate water is available from a water utility or community system or an acceptable surface water diversion, spring, or well. At the County's discretion, applicants may be required to submit a hydrologic report certifying sustained yield of the water source to serve new development outside of existing water utility service areas.

2.4.4.A.2. As part of the permit process, the applicant must also demonstrate that the proposed new water use or use intensification will not adversely affect both the natural supply necessary to maintain the environment, including wildlife, fish, and plant communities, and the supply available to meet the minimum needs of existing users during the driest year. At the County's discretion, the applicant may be required to support his application through certification by a consultant deemed qualified by the County to make such determinations. The County will request that the Department of Fish and Game provide a written recommendation on each application.

2.4.4.A.5. Any diversion of surface sources of water shall be required to submit an approved water appropriation permit from the State Water Resources Control Board prior to approval of any coastal development permit except where such water appropriation permit is not required by applicable State law.

Section 3.2.3.1 of the *Carmel Area Land Use Plan* contains the following policy related to water supply:

3.2.3.1. The County shall reserve adequate water supply from its fair share allotment of Cal-Am water as approved by the Monterey Peninsula Water Management District to supply expansion of existing and development of new visitor-serving facilities permitted by the plan. Water must be first assured for coastal-priority visitor-serving facilities before allowing any new residential development other than infilling of existing vacant lots. In addition, 0.056 acre-feet/year of water is reserved for each visitor-serving unit permissible under this Plan.

Chapter 18.50 of the County Code, which is part of the local coastal program, requires utilization of water conservation devices in new development.

2. De Novo Coastal Permit Approval

In order to approve this project the Commission must find that adequate water is available, without harming the resources. With the imposition of various conditions, the Commission can make such a finding.

A functional, legal water system is in place to serve the proposed bed and breakfast. The Point Lobos Water Distribution System will supply water. Evidence in the file shows that the water system is considered a pre-existing Water Distribution System in terms of Monterey Peninsula Water Management District's purview. The system is served by a well located on the polo field

on Point Lobos Ranch near San Jose Creek. The system is not metered; with overall production estimated to be 23.72 acre-feet per year. The system has eight approved connections, including one to the subject parcel. Historically, the system has been limited to supplying irrigation water, with domestic water being supplied by CalAm. The County conditioned the permit (Conditions # 21, 23, and 30) to require the applicant to verify water system information, including the location of all water wells on the property, available well logs and current hookups, and proper permits. The Commission notes that the County permit includes additional conditions (# 24 and 26) regarding the water system through an authority other than the Coastal Act. The *County Code* requires their implementation by the County Planning Department through the County coastal permit. However, when there is no County coastal permit, *Code* Section 20.145.080.C.2 provides for their implementation through the building or grading permit. Since the Coastal Commission is issuing this coastal permit, these conditions are best implemented by County Building Inspectors as part of the Building Permit. They are, therefore, not part of this coastal permit (see Exhibit D).

At present there is no evidence that suggests that use of the subject well has an adverse impact on San Jose Creek. However, there is a lack of data. What is known is that the well may be drawing from the underflow of the creek, that the creek does sometimes dry up in the summer, and that the creek supports a steelhead run. Monterey Peninsula Water Management Agency has only recently begun monitoring creek flows (Oliver to Hyman 3/28/00). In the future it is possible that further studies will be performed on the creek in relation to improving the steelhead run or the riparian habitat. Such studies could address whether existing diversions and nearby groundwater extractions are having adverse impacts and whether mitigations are necessary. Thus, since this approval implicitly commits a long-term use of this source of water, the applicant should at least be obliged to participate in any future studies involving San Jose Creek flows (see Condition #44).

The proposed bed and breakfast will not exacerbate the water situation because is not anticipated to cause intensification of water use and can be so conditioned to ensure that outcome. This is described in the County staff report for its permit PLN970284:

[County] Staff review of the file determined that the water use from the Point Lobos Ranch Water Distribution System, which is located in the San Jose Creek watershed, for the proposed bed and breakfast would be the same as the historic use of that water system. The file identifies that water use for the bed and breakfast facility would be limited to 9.45 acre feet per year. The Point Lobos Ranch Water Distribution System is a system that serves several properties in the general area. The historic water use on the property is 9.45 AF/yr⁷. As a condition of approval [Condition #31], the applicant would be required to place a water meter on the well. In addition, an annual report will be required to be submitted to the Monterey Peninsula Water Management District and Water Resources Agency, showing that the bed and breakfast facility will not exceed the historic water use for the property. With the water use remaining the same, the bed and

⁷ This refers to water from the Point Lobos Ranch Water System; domestic consumption using Cal-Am water is additional, as discussed below.

breakfast facility would not impact the riparian area any more than has historically taken place.

CalAm now supplies some of the water serving the project site. This water source will be terminated. CalAm water comes primarily from Carmel River, which is being overdrafted. Therefore, terminating reliance on CalAm water is a positive outcome of this project, if the water used is not transferred to a new development elsewhere. A sentence can be added to County condition #31 to help ensure this, using language similar to that found on another recent County permit. Additionally, the County conditioned the permit (Condition #25) to ensure that the new water system is in place prior to doing other work on the bed and breakfast. This condition needs a slight modification to ensure that an issued coastal permit covers the water system work.

It is estimated that the bed and breakfast will require 1.1 AF/yr of water to serve its patrons. The balance of water goes to irrigate pasture land and turf on the property. In order to use the Point Lobos System water for domestic consumption as well, the applicants propose to reduce the amount of turf area irrigation. They have illustrated and provided calculations to show how this will be accomplished. Therefore, there will be no increase in water use emanating from the well and an overall decrease in water use on the property under the County conditions of approval. And, even with this finding and to help ensure it, Monterey County requires water conservation pursuant to County Code Chapter 18.50, which is incorporated into the local coastal program (see condition #20).

In conclusion, the proposed project will obtain water from a legal source without known adverse resource impacts, reduce reliance on CalAm water, and not result in an intensification of water use. As conditioned to incorporate the essence of the cited County conditions and as further conditioned for participation in a water study, the coastal permit is consistent with the cited water resource policies of the *Carmel Area Land Use Plan* and the *Coastal Implementation Plan*.

F. TRAFFIC AND PUBLIC ACCESS

1. Relevant Local Coastal Program Provisions

In addition to policy 4.4.3.D.4 giving priority to visitor generated traffic cited in Finding C above, Section 3.1.3 of the *Carmel Area Land Use Plan* contains the following transportation policies:

3.1.3.1. To conform to the Coastal Act, most remaining highway capacity should be reserved for coastal priority uses: recreation and visitor-serving facilities, agriculture, and coastal-dependent industry. Commitment to further residential development through subdivision should be extremely limited. Traffic shall be monitored in order to provide a basis for decision-making..1.3.3. Studies of Highway 1 capacity and means to improve the highway's level of service along the Big Sur Coast should be expanded to include the section of Highway 1 in the Carmel area. Caltrans should conduct origin and Destination Studies of traffic on Highway 1 in the Carmel area on a regular basis in order to provide up to date information on trends in recreational and residential use of

the highway.

3.1.3.5. All highway improvements shall be consistent with the retention of Highway 1 as a scenic two-lane road south of the Carmel River. This policy is not intended to preclude widening of the Carmel River bridge, if necessary, or providing adequate access to properties in the vicinity of Point Lobos. The overall objective for Highway 1 should be to maintain the highest possible standard of scenic quality in management and maintenance activities carried on within the State right-of-way. Bike lanes and left turn lanes are permitted.

3.1.3.9 Major development projects – both residential and recreation and visitor-serving, including significant expansion of existing facilities – should be required to contribute their “fair-share” towards improvements of Highway 1 required as a result of traffic generated by the particular project.

County Code Section 20.146.100.A.4 amplifies as to how to determine “fair-share.”

Section 4.4.3.I. of the *Carmel Area Land Use Plan* includes the following policies with regard to commercial visitor-serving facilities:

4.4.3.I.2. Expansion of existing commercial visitor-serving facilities or development of new facilities shall be approved only where requirements for adequate parking and wastewater disposal and for protection of natural resources can be fully satisfied. Adequate parking shall include all uses on the subject site (e.g. hotel units, restaurant, employees, day use facilities).

4.4.3.I.4. Similarly, new commercial uses or expansion of existing uses will be evaluated for their impact on traffic safety and highway capacity in the area. Parking should be screened from public views from Highway 1 as far as possible and should in no event create traffic hazards or danger for pedestrians. However, commercial uses of a recreational or visitor-serving nature shall not have their maximum permitted intensity required to be reduced because of a finding of inadequate traffic capacity on Highway 1, unless maximum permitted intensity in this plan of residential use is correspondingly reduced.

Section 5.3. of the *Carmel Area Land Use Plan* includes the following policies with regard to parking and public access:

5.3.3.8.a. A site is considered potentially suitable for parking if all of the following criteria are met:...

7. Safe ingress to and egress from Highway 1 should be possible.

8. The proposed parking area should entail minimum conflicts with surrounding land uses.

2. De Novo Coastal Permit Approval

In order to approve this project the Commission must find that there are no significant adverse traffic and parking impacts. In making such a finding, the Commission endorses and incorporates the following County finding for its permit PLN970284 with the noted correction:

The proposed project, which includes the traffic study has been reviewed by the Monterey County Department of Public Works and with incorporation of the condition 18, 19, and 20,[sic, really 17, 18, & 19] there is no indication from that Department that the site is not suitable."

As required, a traffic study was prepared which concluded that the proposed project would create little traffic impact. It found that an additional six or seven peak hour trips would be generated. The traffic generated by this project is about one percent of existing traffic, which is not significant. In fact some of the users of this facility might be drivers who would already be traveling on Highway One. The traffic study noted that Highway One operates at Level of Service C in the vicinity of the subject site. By way of background, Highway One's capacity is more limited further south at certain times. Both the *Carmel Area* and *Big Sur Coast Land Use Plans* thus strictly limit the amount of new residential and commercial development, while recognizing that any additional development would have some additional adverse impact on the highway. Thus, consistent with the Coastal Act, both Plans give priority to visitor-serving uses, such as the subject project.

This allowance of some additional visitor-serving development does not obviate the need to ensure that the traffic and parking situation will not appreciably worsen in the project's vicinity. In this case, the traffic report recommends a turn lane on Highway One and improvements to Riley Ranch Road. Policy 3.1.3.5 quoted above allows for such a turn lane. The County conditioned its permit (conditions #17 and 18) to require the applicant to widen Highway 1 to provide a southbound left turn lane at Riley Ranch Road to the approval of Caltrans and the Department of Public Works and to improve Riley Road to the approval of the local fire jurisdiction, respectively. Condition #19 requires a contribution for the cost of Highway 1 Operational Improvements, based on cited *Land Use Plan* policy 3.1.3.9. The County has applied this policy to area development outside of the coastal zone as well and has utilized the proceeds to help finance these Operational Improvements. The project's traffic report lists the twelve projects that comprised the Operational Improvements at that time. Some have since been completed, modified, or dropped; several are still being reviewed. Thus, the County may have to recalculate the current costs on which to apply the required 0.16% contribution. This percentage (0.16%) was determined based on the percentage of traffic attributable to this project compared to the total volume at the key bottleneck of Highway One and Carmel Valley Road.

The proposed parking lot is well situated right off of Riley Ranch Road between two buildings. Condition #36 requires parking at the rate of one space per guest room plus two spaces for the owners, pursuant to County Code *Coastal Implementation Plan* provisions.

In conclusion, as conditioned to incorporate the essence of the cited County conditions, this coastal permit is consistent with the cited access policies of the *Carmel Area Land Use Plan* and

the *Coastal Implementation Plan*.

G. VISUAL ISSUES

1. Relevant Local Coastal Program Provisions

Carmel Area Land Use Plan policies regarding visual resources in the Carmel Area include the following:

The term “viewshed” or “public viewshed” refers to the composite area visible from major public use areas including 17-Mile Drive views of Pescadero Canyon, Scenic Road, Highway 1 and Point Lobos Reserve as shown on Map A in the LUP.

Map A shows that the proposed Rancho Chiquita project area is within the public viewshed.

Section 2.2.2 of the *Carmel Area Land Use Plan* contains the following key policy for visual resource protection in the Carmel area:

To protect the scenic resources of the Carmel area [in] perpetuity, all future development within the viewshed must harmonize and be clearly subordinate to the natural scenic character of the area. All categories of public and private land use and development including all structures, the construction of public and private roads, utilities, and, lighting must conform to the basic viewshed policy of minimum visibility except where otherwise stated in the plan.

Additional relevant policies include:

2.2.4.3. Residential, recreational and visitor-serving, and agricultural access shall be provided by existing roads and trails, where possible, to minimize further scarring of the landscape, particularly of the visible slopes.

2.2.4.10.b. Where clustering of new residential or visitor-serving development will preserve desirable scenic and open space areas or enable structures to be sited out of the viewshed, it shall be preferred to more dispersed building site plans.

4.4.3.1.4. ... Parking should be screened from public views from Highway 1 as far as possible ...

5.3.3.3.e. ... Parking, restrooms and other facilities should be sited, designed and, where appropriate, screened so as not to be visible from major public viewpoints and viewing corridors. Exceptions may be made for facilities provided for in this Plan.

5.3.3.8.a. A site is considered potentially suitable for parking if all of the following criteria are met:

2. Improvement for parking would entail minimum land disturbance and would have

minimal impact upon environmentally sensitive habitats and other sensitive resources.

3. Parking improvements would not degrade the public viewshed or obstruct public views to the shoreline.

2. De Novo Coastal Permit Approval

In order to approve this project, the Commission must find that it does not detract from the area's visual resources. Although in the scenic viewshed, the proposed project includes the adaptive re-use of historic buildings and thus maintains the scenic character. The buildings exist and are part of the historic and visual character of the area. Rendering them an extended life will help further visual protection policies of the area. The proposed plans show minimal exterior appearance alterations. The main one will be changing stall doors to windows and French doors on the barn.

The greatest potential visual impact from this project is from the vehicles that will be in the new parking lot. A berm is planned to shield the vehicles from the view of Highway One. Thus, there should be no adverse impact on the public viewshed from the parking lot. Care must be taken to ensure that the berm itself does not become a dominant or intrusive feature of the landscape. The applicant has indicated that it would be only about three feet tall and would be landscaped. Conditions for final plans for the berm and landscaping can ensure that the berm is appropriately scaled and planted. (see Conditions # 1 and 28)

Other potential visual impacts could occur from unspecified or future changes to the subject buildings and grounds. The County conditioned its permit to ensure against such adverse impacts in the following ways. Condition #1 requires construction in accordance with approved plans and requires approval of any changes. Condition # 4 requires future Planning Commission review of all exterior design changes. This condition is intended to "... make the present owners of the property aware of the Planning Commission concerns related to design changes on this critically visually sensitive lot and serves as a notice to any subsequent owners of the property of the aforesaid concerns." Condition #5 requires an exterior lighting plan. Condition # 28 requires a landscape plan and condition #29 requires on-going maintenance of the landscaping. Condition # 37 limits the size and placement of signs. . Conditions #1 and #28 can be slightly modified to explicitly require review and approval of final plans, including the parking lot berm.

In conclusion, as conditioned to incorporate the essence of the cited County conditions, with the noted modifications, this coastal permit is consistent with the visual resource policies of the *Carmel Area Land Use Plan* and the *Coastal Implementation Plan* cited above.

H. FIRE SAFETY

1. Relevant Local Coastal Program Provisions

Carmel Area Land Use Plan policies 2.7.4.Fire Hazards 1 through 7 address fire safety. *County Coastal Implementation Plan* Section 20.145.080.C.1.a requires adherence to Fire District

standards.

2. De Novo Coastal Permit Approval

In order to approve this project, the Commission must find that it meets fire safety requirements. The Commission notes that the County permit includes several fire-related conditions (# 6 -16). The *County Code* requires their implementation by the County Planning Department through the County coastal permit. However, when there is no County coastal permit, *Code* Section 20.145.080.C.2 provides for their implementation through the building or grading permit. Since the Coastal Commission is issuing this coastal permit, these conditions are best implemented by County Building Inspectors as part of the Building Permit. They are, therefore, not part of this coastal permit (see Exhibit D).

I. SEPTIC SYSTEMS

1. Relevant Local Coastal Program Provisions

Chapter 15.20 of the *County Coastal Implementation Plan* governs sewage disposal through the authority granted to the County Environmental Health Officer.

2. De Novo Coastal Permit Approval

The subject site is served by an existing septic tank. This Coastal Commission approval incorporates County conditions #22 regarding assurance that the septic system is functional. This will ensure compliance with the cited *Coastal Implementation Plan* provisions.

J. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Section 13096 of the California Code of Regulations requires that a specific finding be made in conjunction with coastal development permit applications showing the application to be consistent with any applicable requirements of CEQA. Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effects which the activity may have on the environment. The Coastal Commission's review and analysis of land use proposals has been certified by the Secretary for Resources as being the functional equivalent of environmental review under CEQA. The County adopted a negative declaration for this project. Mitigation measures identified in the negative declaration are included as conditions of approval of the coastal permit. Without these conditions, the project would not be the least environmentally damaging feasible project that could occur on the site. Accordingly, the Commission finds that the proposed project will not have significant adverse effects on the environment within the meaning of CEQA; that there are no feasible alternatives which would significantly reduce any potential adverse effects; and, accordingly, the proposal, as conditioned, is in conformance with CEQA requirements.